

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2158 – HB 3512

March 20, 2012

SUMMARY OF BILL: Requires a local government to seek approval from the State Funding Board before incurring debt if such local government holds debt in excess of 10 percent of the assessed valuation of its taxable property or if incurring new debt would exceed 10 percent of the assessed valuation of its taxable property. Requires the Board to establish policies and procedures to effectuate this requirement. Requires the Comptroller's Office of State and Local Finance to provide advice and assistance to the Board.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$75,600

Other Fiscal Impact – Any fiscal impact incurred by local governments as a result of the requirement to obtain the State Funding Board's approval prior to incurring additional debt is dependent upon several unknown factors and cannot be reasonably determined.

Assumptions:

- According to the Comptroller, a new position would be needed to assist the director and assistant director of the Office of State and Local Finance in the preparation of policies and procedures, performing the evaluation, and monitoring such debt.
- This additional position is will result in a recurring increase in state expenditures of \$75,600 (salary \$55,000, benefits \$17,600, and computer, networking, office supplies, etc. \$3,000).
- The State Funding Board will likely hold additional meetings to effectuate the provisions of this bill; however any increase in state expenditures is estimated to be not significant.
- Due to a number of unknown variables, including potential debt that will be incurred, potential debt that would have been incurred, and the individual financial standing of over 400 counties and municipalities, the exact fiscal impact to local governments is not quantifiable.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jdb